CENTRO DE LA FAMILIA DE UTAH

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

June 30, 2009

HANSEN, BARNETT & MAXWELL, P.C.
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

CENTRO DE LA FAMILIA DE UTAH

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Centro de la Familia de Utah

We have audited the accompanying statement of financial position of Centro de la Familia de Utah (a nonprofit organization) (the "Organization") as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated October 15, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centro de la Familia de Utah at June 30, 2009, and the results of its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2009, on our consideration of Centro de la Familia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hansen, Barnett & Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 29, 2009

CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009
With Summarized Financial Information for 2008

		2009		2008
ASSETS				
Cash and cash equivalents	$	1,250	$	1,250
Accounts receivable:				
Government contracts		300,826		275,661
Other		36,412		7,892
Prepaid expenses		20,720		31,426
Library collection		28,335		28,335
Property and equipment, net		2,529,282		2,698,811
Total Assets	$	2,916,825	$	3,043,375
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	$	83,897	$	101,068
Accrued payroll and other expenses		179,436		174,412
Accrued vacation		86,485		104,955
Line of credit payable		67,270		182,222
Note payable		-		42,790
Total Liabilities		417,088		605,447
Net Assets				
Unrestricted:				
Designated for property and equipment, net of related debt		2,529,282		2,656,021
Undesignated		(153,529)		(287,518)
Total unrestricted		2,375,753		2,368,503
Temporarily restricted		123,984		69,425
Total Net Assets		2,499,737		2,437,928
Total Liabilities and Net Assets	$	2,916,825	$	3,043,375

The accompanying notes are an integral part of these financial statements.

CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009
With Summarized Financial Information for 2008

	2009			
	Unrestricted	Temporarily Restricted	Total	2008
Public Support and Revenues				
Public Support				
In-kind support	$ 282,408	$ -	$ 282,408	$ 437,427
Other contributions	14,079	-	14,079	29,917
Total Public Support	296,487	-	296,487	467,344
Revenues				
Government contracts	6,085,571	51,973	6,137,544	6,423,124
Grants	54,731	16,269	71,000	238,855
Gain (loss) on disposal and reconveyance of assets	7,829	-	7,829	(31,133)
Interest income and other	1,107	-	1,107	8,033
Total Revenues	6,149,238	68,242	6,217,480	6,638,879
Net Assets Released from Restrictions	13,683	(13,683)	-	-
Total Public Support and Revenues	6,459,408	54,559	6,513,967	7,106,223
Expenses				
Program Expenses				
Head Start:				
Migrant head start program (MHSP)	4,019,090	-	4,019,090	4,361,069
Region 8	1,477,546	-	1,477,546	1,600,378
Nuevo Dia - County	64,087	-	64,087	71,323
Other programs	82,412	-	82,412	288,890
Total Program Expenses	5,643,135	-	5,643,135	6,321,660
Support Expenses				
General and administrative	809,023	-	809,023	830,492
Fundraising	-	-	-	-
Total Support Expenses	809,023	-	809,023	830,492
Total Expenses	6,452,158	-	6,452,158	7,152,152
Change in Net Assets	7,250	54,559	61,809	(45,929)
Net Assets, Beginning of Year	2,368,503	69,425	2,437,928	2,483,857
Net Assets at End of Year	$ 2,375,753	$ 123,984	$ 2,499,737	$ 2,437,928

The accompanying notes are an integral part of these financial statements.

CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009
With Summarized Financial Information for 2008

	Program Expenses				Total	Support Expenses		Total	Fiscal Year	Fiscal Year
	Head Start		Nuevo Dia	Other	Program	General and		Support	2009	2008
	MHSP	Region 8	County	Programs	Services	Administrative	Fundraising	Services	Total	Total
Salaries	$2,220,852	$ 717,451	$42,533	$ 31,527	$3,012,363	$ 464,771	$ -	$ 464,771	$3,477,134	$3,691,344
Benefits	583,783	179,654	7,864	6,803	778,104	119,816	-	119,816	897,920	946,065
Total Salaries and Benefits	2,804,635	897,105	50,397	38,330	3,790,467	584,587	-	584,587	4,375,054	4,637,409
Accounting	9,635	3,390	198	-	13,223	1,876	-	1,876	15,099	14,502
Advertising	3,096	1,982	45	133	5,256	834	-	834	6,090	29,874
Client costs	699	-	7,454	4,085	12,238	1,967	-	1,967	14,205	5,398
Communications	26,751	10,762	142	273	37,928	5,897	-	5,897	43,825	51,773
Consultant/professional services	7,580	2,691	77	6,424	16,772	2,639	-	2,639	19,411	74,031
Data processing	35,665	13,229	558	193	49,645	7,695	-	7,695	57,340	57,600
Dues, licenses, and subscriptions	4,223	694	90	-	5,007	757	-	757	5,764	5,090
Equipment, fuel, and repair	163,703	58,261	1,215	20,314	243,493	37,806	-	37,806	281,299	315,577
Food and related costs	122,514	49,836	-	-	172,350	26,792	-	26,792	199,142	194,792
Health costs	6,648	693	-	-	7,341	1,098	-	1,098	8,439	27,867
Insurance	39,458	13,562	743	1,433	55,196	8,541	-	8,541	63,737	73,761
Interest and bank charges	2,568	933	49	64	3,614	5,498	-	5,498	9,112	9,550
Maintenance-building	63,312	19,017	84	-	82,413	12,668	-	12,668	95,081	144,488
Meetings	16,983	7,190	86	1,361	25,620	3,998	-	3,998	29,618	35,600
Miscellaneous	845	2,476	3	-	3,324	562	-	562	3,886	896
Occupancy	194,398	183,126	1,886	990	380,400	61,304	-	61,304	441,704	453,037
Postage and freight	2,035	639	28	9	2,711	418	-	418	3,129	5,128
Printing and copying	1,831	916	206	-	2,953	464	-	464	3,417	15,744
Supplies	69,330	28,730	415	7,940	106,415	16,605	-	16,605	123,020	130,792
Training and conferences	34,221	15,686	155	129	50,191	7,842	-	7,842	58,033	105,114
Travel	39,985	9,939	77	694	50,695	7,751	-	7,751	58,446	48,951
Utilities	54,845	18,882	179	40	73,946	11,424	-	11,424	85,370	93,174
In-Kind	190,272	92,136	-	-	282,408	-	-	-	282,408	437,427
	1,090,597	534,770	13,690	44,082	1,683,139	224,436	-	224,436	1,907,575	2,330,166
Depreciation	123,858	45,671	-	-	169,529	-	-	-	169,529	184,577
Total Expenses	$4,019,090	$1,477,546	$64,087	$ 82,412	$5,643,135	$ 809,023	$ -	$ 809,023	$6,452,158	$7,152,152

The accompanying notes are an integral part of these financial statements.

CENTRO DE LA FAMILIA DE UTAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
With Summarized Financial Information for 2008

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	$ 61,809	$ (45,929)
Adjustments to reconcile net cash from operating activities:		
Depreciation	169,529	184,577
(Gain) loss of disposal and reconveyance of assets	(7,829)	31,133
In-kind support	(282,408)	(437,427)
In-kind expenses	282,408	437,427
Realized and unrealized loss (gain) on investments	-	2,178
Changes in assets and liabilities		
Accounts receivable	(53,685)	(91,005)
Prepaid expenses and deposits	10,706	2,913
Accounts payable	(17,171)	(13,029)
Accrued expenses	(13,446)	24,955
Net Cash From Operating Activities	149,913	95,793
Cash Flows From Investing Activities		
Purchase of equipment and leasehold improvements	-	(37,649)
Proceeds from sale of investments	-	28,799
Proceeds from insurance of asset	7,829	-
Net Cash From Investing Activities	7,829	(8,850)
Cash Flows From Financing Activities		
Principal payments made on lease payable	-	(4,580)
Principal payments made on note payable	(42,790)	(10,693)
Net proceeds (payments) on line of credit	(114,952)	(71,670)
Net Cash From Financing Activities	(157,742)	(86,943)
Net Change in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of Year	1,250	1,250
Cash and Cash Equivalents at End of Year	$ 1,250	$ 1,250
Supplemental Cash Flow Information		
Cash paid for interest	$ 9,003	$ 9,166

The accompanying notes are an integral part of these financial statements.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Centro de la Familia de Utah (the Organization) is a non-profit organization established in 1975 to strengthen the Hispanic family by promoting self-sufficiency. It accomplishes this by working with the entire family as a unit. Trained staff teach skills to youth and their family members who need help.

The Organization is governed by an independent, volunteer Board of Directors who oversees the Organization's operations. Revenues to support the organization are primarily received from federal and state grants.

The accompanying financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the American Institute of Certified Public Accountants. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, donations are recorded when notice is received, and grant revenues are recorded when earned.

Financial Statement Presentation — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions — Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as temporarily or permanently restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or appropriate use of the assets. However, restricted donations received during the reporting year and expended in accordance with the donor's restrictions during the same year, are recorded as unrestricted revenue and expenses. Temporarily restricted net assets at June 30, 2009 represent donor-designated revenue that had not yet been expended for its intended purpose.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt.

The government contracts are received on a reimbursement basis. All restrictions placed on the money are met when the money is spent and the receivable is recognized. The Organization has, therefore, elected to record the revenue from the grants as unrestricted.

Cash and Cash Equivalents — For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In addition, management also considers money market funds to be cash equivalents. At June 30, 2009, the Organization had no deposits with financial institutions that were not covered by FDIC insurance.

Fair Value of Financial Instruments — The Organization holds financial instruments, none of which are held for trading purposes. The fair value of all financial instruments at June 30, 2009 did not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Program Services — Support and program services provided by the Organization are as follows:

Migrant Head Start Program — The MHSP program operates facilities in Mt. Pleasant, Gunnison, Genola and Honeyville. The Mt. Pleasant and Gunnison centers serve families below the poverty level, while the other centers serve low income mobile migrant families. The MHSP centers provide a comprehensive set of services to include full day education, child care, health and dental care, and nutritional and social services. It provides special services to children with disabilities and other special needs. It emphasizes socialization skills and language development. The program provides transportation, advocacy, and referral services to the entire family.

Nuevo Dia Program — The Nuevo Dia program provides substance abuse prevention life skills and academic tutoring for young Latin women and their mothers. It focuses on increasing protective factors and decreasing risk factors for alcohol, tobacco and other drug use.

Other Programs — The Organization receives smaller grants from various agencies; these grants are in line with the Organization's objectives. During the year ended June 30, 2009, the following grants were received: United Way Wendover Project (learning assistance), Entrepreneurial Initiative, Utah State University SHELLS (literacy in the home), Utah State University Smart Steps (step-family adjustment assistance), Community Learning Centers and EPA Retrofit.

Allocated Administrative Expenses — The costs of providing the various programs and services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

Income Taxes — The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under State of Utah tax regulations and, therefore, is not subject to federal or state income taxes in connection with its exempt activities.

In-Kind Support — The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of discounts on shipments of food and non-food products; services provided to the Organization, primarily medical and teaching services; and discounts on major purchases such as buses and building materials.

In addition to the recorded in-kind support, the Organization receives substantial assistance from volunteers who donate significant amounts of their time in program services. Time donated for work that does not meet established accounting standards criteria cannot be recorded on the financial statements. The monetary value (unaudited) of the donated time which falls into this category was $979,340, based upon 93,897 hours valued at $10-20 per hour.

Equipment — Equipment is recorded on the basis of cost for purchased assets or fair value at the date of donation for donated assets. The Organization, as required by its grants, capitalizes all expenditures in excess of $5,000. Depreciation is recorded using the straight-line method with asset lives ranging from 3 to 10 years. Depreciation expense for the year ended June 30, 2009 was $169,529.

Library Collection — The library collection consists of donated or purchased books. Accessions of these collection items are capitalized at cost, if the items were purchased, or at their appraised or fair value on the accession date, if the items were contributed. Gains or losses from deaccessions of these items are reflected on the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements — In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard Number 157, *Fair Value Measurements*, (SFAS No. 157) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The provisions of SFAS No. 157 related to financial assets and financial liabilities were effective during the fiscal year ended June 30, 2009. With respect to certain nonfinancial assets and nonfinancial liabilities, SFAS No. 157 is effective for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Organization does not expect that the adoption of SFAS No. 157 with respect to nonfinancial assets and nonfinancial liabilities will have a material impact on its financial statements.

In January 2009, the FASB issued SFAS No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*. SFAS No. 164 improves the relevance, representational faithfulness, and comparability of the information that a not-for-profit entity provides in its financial reports about a combination with one or more other not-for-profit entities, businesses, or nonprofit activities. To accomplish that, this Statement establishes principles and requirements for how a not-for-profit entity: a) Determines whether a combination is a merger or an acquisition, b) Applies the carryover method in accounting for a merger, c) Applies the acquisition method in accounting for an acquisition, including determining which of the combining entities is the acquirer, d) Determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition. SFAS No. 164 also improves the relevance, representational faithfulness, and comparability of the information a not-for-profit entity provides about goodwill and other intangible assets after an acquisition by amending FASB Statement No. 142, *Goodwill and Other Intangible Assets*, to make it fully applicable to not-for-profit entities. SFAS No. 164 is effective for: a) Mergers for which the merger date is on or after the beginning of an initial reporting period beginning on or after December 15, 2009 and b) Acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. It may not be applied to mergers or acquisitions before those dates. The Organization does not expect that the adoption of SFAS No. 164 will have a material impact on its financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, which provides guidance to establish general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The statement also outlines the circumstances under which an entity would need to record transactions occurring after the balance sheet date in the financial statements. These new disclosures require the identification of the date through which the entity has evaluated subsequent events. SFAS No. 165 is effective for interim or fiscal periods ending after June 15, 2009, and was effective for the Organization beginning July 1, 2008. The adoption of SFAS No. 165 did not have a material impact on the Organization's financial statements. The Organization has evaluated events subsequent to the balance sheet date through October 29, 2009, the date the financial statements were issued.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 168 identifies the FASB Accounting Standards Codification as the authoritative source of generally accepted accounting principles in the United States. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of SFAS No. 168 is not expected to have a material impact on the Organization's financial statements.

Summarized Prior Year Information – Financial information for the fiscal year ended June 30, 2008 is included for comparison only and is not complete. Complete information is available in the separately issued financial statements for that year.

Reclassification – Certain amounts from the year ended June 30, 2008 have been reclassified to conform to the 2009 presentation. The reclassification had no effect on the previously reported change in net assets.

Advertising — The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $6,090 for the year ended June 30, 2009.

NOTE 2 — PROPERTY AND EQUIPMENT

The cost of land, building and equipment as of June 30, 2009 was as follows:

	Useful Life	
Land	—	$ 365,906
Equipment	3 - 10 years	1,615,131
Leasehold improvements	3 - 10 years	5,188
Buildings and improvements	5 - 40 years	2,452,847
Total Cost		4,439,072
Less: Accumulated Depreciation		(1,909,790)
Net Land, Building and Equipment		$ 2,529,282

All of the property and equipment as of June 30, 2009 are assets that have been acquired with federal grants for the Organization's Head Start Program. Under the grant agreement, if any of these assets are sold, the proceeds on the sale are due back to the federal granting agency. The assets acquired under the Head Start grant may not be used as collateral on borrowings.

NOTE 3 – COMMITMENTS

Line of Credit — The Organization maintains a revolving line of credit with a financial institution. Interest is charged at a variable rate, which was 5.75% as of June 30, 2009.

Note Payable — In September of 2006, the Organization issued a note payable to finance the purchase of a vehicle. The original amount of the note was $61,784. During the year ended June 30, 2009 the Organization repaid the balance of the note.

Operating Leases — The Organization leases office space for administration and for the different centers from various lessors. These leases expire during the fiscal year 2010 and beyond. Rent expense for the year ended June 30, 2009 on these operating leases was $387,815.

Future minimum lease payments are as follows:

Year Ending June 30,	
2010	$ 320,212
2011	242,983
2012	245,021
2013	252,207
2014	260,125
Thereafter	2,506,165
Total	$ 3,826,713

Included in the table above are three center leases and one administrative building lease. The administrative building lease is non-cancellable and requires future minimum lease payments totaling $84,154 through 2010. The remaining leases included above are the center leases and are non-cancellable, except that the Organization will have the option to cancel the center leases in the event that the Organization's federal funding is terminated or reduced by greater the 30%.

NOTE 4 — PENSION PLAN

The Organization contributes to a pension plan for its employees under Section 401(k) of the Internal Revenue Code. The Organization's contributions to the 401(k) plan on behalf of its employees during the year ended June 30, 2009 totaled $38,404.

NOTE 5 — ECONOMIC DEPENDENCY

The Organization receives a substantial amount of its revenue from one federal agency. This agency provides 92% of the Organization's total support and revenues. Loss of this support could adversely affect the Organization's activities.

CENTRO DE LA FAMILIA DE UTAH

SUPPLEMENTAL REPORT
IN COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS
AND
OMB CIRCULAR A–133

June 30, 2009

HANSEN, BARNETT & MAXWELL, P.C.
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

CENTRO DE LA FAMILIA DE UTAH
SUPPLEMENTAL REPORT
IN COMPLIANCE WITH
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Centro de la Familia de Utah

We have audited the financial statements of Centro de la Familia de Utah (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon, dated October 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered Centro de la Familia de Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centro de la Familia de Utah's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Centro de la Familia de Utah's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Centro de la Familia de Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 09-1.

Centro de la Familia de Utah's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Centro de la Familia de Utah's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Barnett & Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 29, 2009

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Centro de la Familia de Utah

Compliance

We have audited the compliance of Centro de la Familia de Utah (a nonprofit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement,* that are applicable to each of its major federal programs for the year ended June 30, 2009. The major programs of Centro de la Familia de Utah are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the management of Centro de la Familia de Utah. Our responsibility is to express an opinion on the compliance of Centro de la Familia de Utah based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the compliance of Centro de la Familia de Utah with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the compliance of Centro de la Familia de Utah with those requirements.

In our opinion, Centro de la Familia de Utah complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-1.

Internal Control Over Compliance

The management of Centro de la Familia de Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the internal control of Centro de la Familia de Utah over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Centro de la Familia de Utah's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-1 to be a material weakness.

Centro de la Familia de Utah's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Centro de la Familia de Utah's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Centro de la Familia de Utah as of and for the year ended June 30, 2009, and have issued our report thereon dated October 29, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Barnett & Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 29, 2009

CENTRO DE LA FAMILIA DE UTAH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Health and Human Services		
Head Start Program	93.600	$5,626,138 *
Passed Through Utah State University		
Healthy Marriage (Smart Steps) Program	93.086	15,713
Passed Through Salt Lake County Division of Substance Abuse		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	74,436
Total U.S. Department of Health and Human Services		5,716,287
U.S. Department of Agriculture		
Passed Through Utah State Office of Education		
Child and Adult Care Food Program	10.558	205,168
Total U.S. Department of Agriculture		205,168
Total Expenditures of Federal Awards		$ 5,921,455

* Tested as a major program

CENTRO DE LA FAMILIA DE UTAH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

NOTE 1–SIGNIFICANT ACCOUNTING POLICIES

The following information regarding the schedule of expenditures of federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of, federal awards.

Basis of Accounting — The schedule of expenditures of federal awards is prepared on the accrual basis of accounting, the same basis used by the Organization in its financial reporting. Receivables are recorded when appropriate program expenditures are made and the Organization has a claim for reimbursement.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from their presentation in the financial statements.

Pass-through Source of Awards — The Organization receives the bulk of its federal award programs directly from the federal awarding agency.

CENTRO DE LA FAMILIA DE UTAH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Centro de la Familia de Utah.

2. No significant deficiencies with regard to internal control over financial reporting are reported.

3. No instances of noncompliance material to the financial statements of Centro de la Familia de Utah, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. A significant deficiency with regard to internal control over major federal award programs is reported as item 09-1 below. The significant deficiency is not considered to be a material weakness.

5. The auditors' report on compliance for the major federal award programs for Centro de la Familia de Utah expresses an unqualified opinion on all major federal programs.

6. There were no audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 disclosed during the audit.

7. The program tested as a major program was:
   Head Start Program #93.600

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Centro de la Familia de Utah qualified as a low-risk auditee for the year ended June 30, 2009.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings to report.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

09-1 *Statement of Condition:* Head Start Program—The grant agreement between Centro de la Familia de Utah ("the Organization") and the federal awarding agency stipulates that grant funds may be drawn only to cover costs that have already been expended. However, a communication from the Office of Head Start clarifies that grant funds may be drawn in advance of payment to cover accrued employee leave if the funds are maintained in a separate trust account or the agency's payroll account.

During the year ended June 30, 2009, Centro de la Familia de Utah received through the Head Start Program funds of $46,078 to cover accrued employee leave. However, the funds were not maintained in a separate trust account or in a separate bank account.

Cause: The authorization from Head Start to cover accrued employee leave is a new instruction this year. There was confusion as to whether a separate bank or trust account was required to separate these funds.

Recommendation: Internal controls should exist to ensure that all federal awards are appropriately expended or are held in reserve for their designated purpose in accordance with grant agreements.

Corrective Action Plan: A separate bank account will be opened to hold these funds. Any interest earned will remain in this fund and be used to cover accrued employee leave costs allocable to the Head Start Program.

Contact: Doug Neiswender, (801) 521-4473

D. PRIOR YEAR FINDINGS

None